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PEOPLE'S REPUBLIC OF CHINA

*A Guide for
Canadian Exporters*



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(publié également en français)

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PEOPLE'S REPUBLIC OF CHINA

A Guide for Canadian Exporters

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July 1983



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I. THE COUNTRY

China is the third largest country in the world and encompasses 9.58 million square kilometres (3.7 million square miles). Western China is dominated by the high plateau of Tibet and Qinghai known as "the rooftop of the world". To the north lies the desert and semi-arid areas of Xinjiang and Inner Mongolia. Moving northeastward, the dry steppe gives way to heavily forested mountains. Between these great barriers and the Pacific Ocean lie the major areas of China's settlement and civilization.

The country is divided into 21 provinces, five autonomous regions and three municipalities (Beijing, Shanghai and Tianjin). Local jurisdictions are further divided into about 2,000 counties and 75,000 townships.

History and Government

China has the world's longest recorded history. The country was ruled by a succession of imperial dynasties notably the Han (206 B.C. – 220 A.D.), the Tang (618 – 906 A.D.), the Song (960 – 1279 A.D.), the Mongol or Yuan established by Genghis Khan (1279 – 1368 A.D.), the Ming (1368 – 1644 A.D.) and the Manchu or Qing (1644 – 1911 A.D.) for more than two thousand years. The Chinese were unified by written language and Confucian social values despite strong regional differences, and made numerous important early contributions to world culture and science. Revolutionaries under Dr. Sun Yat-sen toppled the last Emperor in 1911, and initiated a period of civil war and anarchy. Regional warlords were eventually vanquished by forces of the Kuomintang and the Chinese Communist Party (CCP). After the defeat of Japan (which had occupied most of Eastern China in the 1930s), four years of battle led to the establishment of the People's Republic of China (PRC) under CCP Chairman Mao Zedong on October 1, 1949. The Kuomintang forces retreated to Taiwan.

The socialist republic's administrative structure consists of two parallel hierarchical chains of command: party and state. The dominant element is the party

and authority flows from party to state. The constitution provides for a National People's Congress with 3,000 representatives elected by universal suffrage. The congress elects the Chairman and Vice-chairman of the republic and approves the appointments of the Premier and the members of the State Council (the Cabinet).

Over the last 34 years, the PRC has tried a number of different approaches to socialism and economic development, including close co-operation with the U.S.S.R. during the 1950s, radical Cultural Revolution policies from 1966-1976, and the "pragmatist" and "Four Modernizations" programs associated with the current leadership under Deng Xiaoping.

The People

The official Chinese population is 1,008 million with an annual growth rate of 1.2 per cent. Only 20 per cent of the population is urban.

The capital of China is Beijing with a population of about eight million. Shanghai has a population exceeding 10 million and is the largest city and principal port. Other main ports handling cargo to and from Canada are Tianjin, Qingdao and Dalian in the north and Shantou and Guangzhou (Canton) in the south.

The main industrial cities are Shanghai, Beijing, Wuhan, Shenyang, Changchun and Tianjin. Major industry is concentrated in the northeastern provinces (formerly known as "Manchuria") — where the largest iron and steel mills and other heavy industries are located. Industrial centres in this area are Harbin, Shenyang, Anshan and Dalian.

Language

The national language, Mandarin Chinese, is traditionally spoken in most areas of north, central and western China. Due to government policies aimed at linguistic unity, Mandarin is becoming increasingly more common throughout the country. The Chinese written language consists of characters that convey meaning rather than sound and is common to all dialects.

Most Chinese business people either speak English or have interpreters on hand. French language interpreters are also available.

Local Customs

Tipping is not an accepted practice in China. Instead, it is customary and courteous to thank hotel staff and other service personnel for their efforts on your behalf.

It is usual business practice to exchange business cards although only the more senior Chinese officials have them. It is considered courteous to have the foreign business card printed in Chinese on one side. This can be easily done in Hong Kong.

Canadian business visitors can expect to receive warm hospitality from their sponsoring trading corporations. Dinner in a restaurant is the usual form of entertainment and is quite informal by Canadian standards. The more fortunate visitor may also be treated to tours of locations not normally accessible to foreigners.

General Information

Photography — Common sense and discretion should be exercised when taking photographs in China. If in doubt as to the suitability of a subject, consult your travel guide or an official before taking the photograph.

Exportation of Antiques — It is forbidden to export antiques more than approximately 150 years old. This ban applies to embroideries and silks as well as porcelain, scrolls and other items. Antique shops in major cities have exportable antiques marked with a red wax seal which should be left intact for customs inspection at the port of exit. At customs it may also be necessary to show a receipt for the antique item. Antique shops will arrange shipment of antiques directly to the visitor's address abroad.

Local Time — China is eight hours ahead of Greenwich mean time. Chinese time can be calculated as follows: St. John's, + 11.5 hours; Halifax, + 12 hours; Montréal or Toronto, + 13 hours; Winnipeg or Regina, + 14 hours; Edmonton, + 15 hours; Vancouver, + 16 hours.

China does not observe daylight saving time, one hour should therefore be subtracted from the above figures when daylight saving time is in force.

Climate — In a country the size of China, great climatic variations are found. Traditionally, an imaginary east-west line drawn 240 km (150 miles) north of Shanghai divides the subtropical south from the temperate north. January temperatures in Beijing average -4°C (24°F), rising to an average of 26°C (79°F) in July; for the same two months, Shanghai temperatures average 3°C (38°F) and 27°C (81°F), while temperatures in Guangzhou average 13°C (56°F) and 29°C (84°F) respectively.

Annual rainfall increases from north to south. In Beijing, annual precipitation averages 63.5 cm (25 inches) whereas Guangzhou experiences nearly three times as much.

Measures — The metric system and domestic Chinese system are both used. Foreign trade is conducted in the metric system. The Chinese measuring system is limited to agricultural accounting and shopkeeping.

Electricity — Domestic electricity is supplied at 220 volts, single phase, 50 cycles AC and for industrial use at 380 volts, three phases, 50 cycles AC. All major cities have electricity, and considerable progress toward electrifying rural areas has been made.

Currency — The unit of currency is the renminbi, which translates literally as “the people’s currency” and is normally referred to in English as “RMB”. The basic RMB unit is the yuan, which is roughly equivalent to Canadian \$0.62. RMB is not traded on international money markets and consequently the rate is set by the Bank of China and is altered from time to time to reflect market trends. RMB has been relatively stable during the last 10 years. Chinese currency is being used increasingly often to determine the value of import and export contracts.

Foreign visitors must declare all foreign currency, traveller’s cheques and valuables upon entering China. Exchange declaration slips must be retained for presentation when leaving the country in order to exchange Chinese funds for foreign currency. No Chinese currency may be taken out of the country.

Holidays — The following is a list of official public holidays in China:

New Year's Day — *January 1*

Chinese New Year — *(three days) January or February.*

Please note that the week preceding and that following the Chinese New Year must be avoided for business purposes, as the whole Chinese system comes to a halt during that period.

PRC National Day — *September 30*

The Canadian Embassy in Beijing observes most of the Canadian statutory holidays.

Business Hours — Commercial offices are usually open from 8:00 a.m.–11:30 a.m. and 1:30–5:00 p.m., Monday through Saturday. Stores remain open from 9:00 a.m. to 8:00 p.m., Monday through Sunday. The Bank of China is open to the public from 9:00 a.m. to 11:30 a.m. and from 2:00 p.m. to 4:30 p.m., Monday through Friday.

II. ECONOMIC INFORMATION

After the fall of the radical "Gang of Four" in 1976, China fully adopted the "Four Modernizations" policy of developing agriculture, industry, science and defence capability. For the first few years, the government emphasized rapid expansion of industrial plants (especially steel mills and chemical plants) through massive machinery imports. By the end of 1978, these imports were causing balance-of-payment problems, escalating foreign debt and visibly straining the country's transportation and energy infrastructure.

New policies announced since early 1979 initiated a fresh approach. Steps have been taken to reduce capital investment and redirect it to bottleneck infrastructural sectors, agriculture and consumer goods. Complete plant imports have been reduced, foreign funding (including development loans) has been sought at concessional rates, foreign private investment actively pursued, and export industries stimulated. These "readjustment" policies have already had a considerable effect on domestic production, budgetary deficits and the balance of trade. Although in principle, they are expected to continue until 1990, the government has recently announced a partial relaxation in the limits for equipment imports, which will be allowed to increase in those industrial sectors targeted for technical modernization (especially light industry, energy, transport and communications). This may alleviate uncertainties generated among foreign traders in this sector by the suspension in 1980 of contracts for major projects such as the Baoshan steel mill.

With investment curtailed, other policies have been used to stimulate growth. Most of these seek to increase productivity through a program of material incentives (profit motive and more-pay-for-more-work) and greater decision-making freedom for individual factories and communes. The greatest successes of this program so far have been in rural areas, where peasant households are allowed to farm on contract with the communes, and in most cases, to sell any

surplus above the contract quota for cash on the free market. In industry, the government has just announced the expansion of an experimental program substituting taxes on factory income for the traditional practice of the state absorbing all revenues at the end of the year. The tax system leaves the enterprise a variable share of its profits based on efficiency. Part of this retained profit is passed down to the workers in the form of productivity bonuses.

At the same time, the national factory network is being rationalized and simplified. "Reform" policies of this type have recently also been extended into commerce (where the number of small private businesses is rapidly growing), science and even the financial side of culture. As a counter balancing move, the central planning system is being fine-tuned to differentiate between a small number of important commodities (such as steel, cotton, and heavy machinery) which will remain under tight state control, and other commodities which will be controlled indirectly through "guidance plans", credit policies, differential taxation and gradual price reform.

Agriculture, Fisheries and Forestry

Major crops in north China are wheat, millet, sorghum and soyabeans. In the south, rice, sweet potatoes, sugar cane and tea head the list. In addition, barley, corn and cotton are grown extensively in various parts of the country. Agricultural produce including rice, sugar, beans, tea and a variety of canned fruits and vegetables, forms a significant part of the country's total exports.

China has a large fishing industry and a rapidly developing deep-sea fishing fleet. The country is self-sufficient in seafood products, and makes some varieties available for export.

Only 10 per cent of China's total area is covered by forest. Many of the better forests are located in the rugged northern mountain areas and remain inaccessible. China must therefore import pulp, linerboard and hardwood to supplement production. The government devotes considerable attention to timber resources and afforestation progress has been made in north and northeast China.

Industry

China is rapidly becoming industrialized by establishing large-scale complexes in major cities. At the same time, the country is modernizing existing industries, placing particular emphasis on energy conservation. There has been considerable diversification of industry with the development of a variety of new industrial complexes and expansions in the interior. Shanghai and the area around Shenyang (in north-eastern China) remain the largest industrial centres. The government is concentrating specifically on the iron and steel, energy, transportation and electronics sectors.

Science and Technology

China's industrial output ranks highest among the developing countries. The country produces most basic commodities in quantity. It also manufactures an increasing variety of modern technological products such as electronic computers, numerically controlled machinery, large diesel/electric locomotives, ocean vessels, complete plants for the chemical and petroleum industries, synthetic fibres and power-generating equipment. In addition, China has exploded a thermo-nuclear device and placed a satellite into orbit.

Telecommunications

In the current government program, the improvement of the country's communications system is a top priority. The most significant aspect of this program is the purchase of telecommunications equipment and the establishment of satellite communications stations in Shanghai and Beijing.

Transportation

One of the major constraints to economic growth in China is the lack of an efficient transportation system. There are only about 88,000 kilometres (55,000 miles) of rail in operation, approximately 960,000 kilometres (600,000 miles) of road (of which more than half are dirt roads and a large portion gravel covered) and 160,000 kilometres (100,000 miles) of inland waterways (of which only 40,000 kilometres (25,000 miles) are

capable of accepting motorized vessels). Chinese industry depends primarily on railroads and to a lesser extent on roads, rivers and canals to move its products. Therefore, efforts are being made to upgrade the transportation sector.

Energy

China's energy resources are sufficient to support a major industrialization program. Coal reserves and hydro potential are large, comparing favourably with those of the United States and the U.S.S.R. Petroleum reserves are adequate to support substantial increases in production and to develop a significant export capability.

In order to support its ambitious industrial development plan, China has embarked on a large-scale exploration program as well as the construction of new production sites in all energy sectors.

Coal continues to supply more than 85 per cent of the country's primary energy needs but the importance of oil and to a lesser extent of hydroelectricity is steadily increasing. In the last few years, China has exported both coal and oil.

Foreign Trade

Any realistic approach to the Chinese market should begin with the realization that China is not one of the world's great trading nations. The total trade of China in 1982 was valued at only about Can.\$ 50 billion. In comparison, Canada exported \$81.7 billion worth of goods in the same period. On a per capita basis the comparison is of course even more striking. Nonetheless, the trading trend in China is up. The sum of exports and imports was almost twice as large in 1981 as in 1978, and the percentages of imports and exports of gross domestic product were each substantially greater than in 1978. China's share of world trade has risen slowly but steadily and stood at one per cent in 1981.

Maintaining an earlier trend, the direction of China's trade continues to move toward industrial countries and away from centrally planned economies. By 1981, fully 86 per cent of China's import trade and 45 per cent of its export commitments were with industrial countries.

Changes in the commodity composition of China's trade during 1978-1981 have been significant. On the export side, the major shift has been toward industrial and mining products (with exports of crude oil, coal, machinery and equipment leading the way). In the case of imports, the switch in economic development strategy from investment and heavy industry to growth based on consumption, light industry, and agriculture was accompanied by increased imports of consumer goods, machinery and equipment and a drop in imports of raw and intermediate materials.

There have recently been important changes in the management of China's foreign trade, with increased decentralization (i.e. reduced role for the foreign trade corporations), expanded incentives for exporting (e.g. foreign exchange quotas), and more flexible trading practices (e.g. compensation agreements and co-production arrangements with non-residents).

It should be kept in mind that China's basic approach to development remains one of self-reliance — the country imports only what it cannot produce from its own resources. The trade development costs associated with the Chinese market are high and can be spread over a long period.

Canada-China Trade

China has become a very important market for Canadian goods. In 1982, China was our sixth largest market, following the U.S., Japan, Britain, the U.S.S.R. and West Germany.

In 1973, Canada and China signed a trade agreement which was most recently renewed in 1982. As specified in the agreement, the Canada-China Joint Trade Committee has met regularly since 1973 to discuss trade issues between the two countries. The last meeting was held in Ottawa in May 1982.

In October 1979, the two governments signed an economic co-operation protocol to the trade agreement. While recognizing the importance of the existing trade relationship, the protocol is designed to promote greater contact and co-operation between the Canadian private sector and the relevant Chinese trading corporations and end-users. Specifically, it outlines sectors where the two governments have agreed to encourage stronger economic co-operation. The

selected sectors are those for which China has indicated a significant requirement and Canada has demonstrated supply capability. Included are agriculture (machinery, breeding stock, seeds and rangeland management), light industry (food processing, telecommunications and electric technology), petroleum (oil and gas exploration, production, transmission and refining), metals, communications, transportation, hydro and thermal power generation, and coal-mining technology and equipment. The protocol also encourages arrangements such as joint ventures, compensation trade, co-production and co-marketing. While licensing arrangements have not been a significant factor in Canada's trade relations with China, some progress has been achieved in this area.

Recognizing the importance China places on developing sales of its products on the Canadian market, Canada granted China general preferential tariff treatment effective January 1, 1980. This reduces the rate of duty on eligible Chinese imports by one-third or more. However, sensitive items such as textiles and clothing which are major Chinese exports to Canada are excluded from the general preferential system. More than 20 per cent of China's total sales to Canada are eligible for general preferential tariff treatment. This percentage could increase significantly if China is successful in diversifying its exports to Canada.

Prospects appear promising for the continued growth of Canadian exports to China during the next five to 10 years. Many of the priority areas in China's development strategy coincide with strong capabilities in Canadian industry, particularly in such fields as agriculture, forestry, hydro, oil and gas and telecommunications.

Table 1a CANADIAN EXPORTS TO CHINA

	(Can. \$ thousand)	
	1981	1982
Red spring wheat, n.e.s. except seed	676,221	719,118
Aluminum pigs, ingots, shot slabs	3,338	190,223
Wood pulp, bleached kraft paper	67,141	70,874
Sulphur	28,087	41,449
Polyethylene resins	16,362	30,037
Sheet and strip carbonated steel	—	22,087
Zinc blocks, pigs, and slabs	—	20,289
Logs, douglas fir	—	16,268
Alberta winter wheat, except seed	10,337	15,481
Plastic, synthetic rubber, n.e.s.	3,662	13,081
Newsprint	37,307	10,477
Potash	61,613	8,714
Wood pulp dissolving, special alpha	5,505	8,422
Lumber, western hemlock, amabilis, hemlock-fir	—	7,619
Polystyrene resins	864	6,864
Wood pulp, sulphate unbleached paper	1,894	5,426
Man-made fibres, n.e.s.	5,108	4,010
End products	17,746	6,450
Others	69,636	39,014
Total	1,004,821	1,229,453

Table 1b CANADIAN IMPORTS FROM CHINA

	(Can. \$ thousand)	
	1981	1982
Mushrooms, canned	8,503	12,979
Polyester-cotton broad woven fabric	10,280	10,353
Walnuts, shelled or roasted	8,432	9,697
Pants, men's, boys', cotton	5,081	5,775
Tableware, ceramic	4,021	4,961
Packing, disposable	3,513	4,289
Shirts, cotton (except knits)	2,791	4,238

Canadian Imports (cont'd)

Outdoor jackets, men's, boys'	3,401	4,147
Tablecloths	3,637	3,933
Towels, cotton, terry	4,761	3,634
Gloves, work, special purpose, n.e.s.	4,060	3,281
Suits, fine slacks, sports (except knits)	2,964	3,168
Peanuts, green, shelled	32,744	3,144
Towels, cotton, n.e.s.	3,824	3,044
Pants, slacks, children's (except knits)	3,178	3,041
Others	118,823	123,970
Total	220,013	203,654

Table 2 CHINA'S MAJOR TRADING PARTNERS

	(U.S. \$ million)			
	Exports		Imports	
	1980	1981	1980	1981
Industrial countries				
United States	982.6	1,505.8	3,830.2	4,382.5
Canada	126.0	178.9	707.3	817.1
Australia	223.6	225.0	1,063.0	676.4
Japan	4,032.2	4,597.1	5,168.9	5,380.9
France	340.5	340.6	314.7	364.9
West Germany	710.5	785.3	1,332.9	1,539.4
Italy	351.1	286.3	248.8	309.8
Britain	563.7	710.3	540.0	306.8
Asia				
Hong Kong	4,353.2	5,174.0	569.8	1,018.6
Singapore	420.9	511.5	189.8	57.0
Thailand	311.5	206.6	139.6	173.2
Socialist countries				
Romania	513.0	324.9	524.6	468.2
North Korea	374.2	247.4	303.3	233.0
U.S.S.R.	228.3	116.5	264.1	108.4

Table 3a THE MAJOR COMPONENTS
OF CHINA'S EXPORT TRADE

	(U.S. \$ million)	
	1980	1981
Total exports	18,271	20,893
Rice	391	240
Peanuts	68	326
Live hogs	214	229
Frozen pork	111	111
Aquatic products	356	343
Fruit	100	75
Canned fruit	336	336
Cotton cloth	712	745
Filature silk	267	152
Silk, satin materials	253	287
Tea	254	196
Rabbit hair	114	147
Carpets	90	114
Fur mattresses	100	73
Paper	94	103
Porcelain	140	157
Tungsten	195	208
Coal	265	327
Crude oil	3,012	3,287

Table 3b THE MAJOR COMPONENTS
OF CHINA'S IMPORT TRADE

	(U.S. \$ million)	
	1980	1981
Total imports	19,550	19,482
Trucks	323	85
Ships, vessels	230	40
Steel products	2,240	1,362
Copper	273	84
Aluminum	183	70
Iron ore	102	55
Natural rubber	331	143
Chemical fertilizer	1,065	1,095
Chemicals	950	991
Wood pulp	195	291
Paper	300	340
Televisions	102	159
Cotton	1,420	1,456
Acrylic fibres	82	190
Polyester fibres	396	702
Polyamide fibres	22	136
Cereals	2,118	2,577
Soybeans	141	159
Animal fats, oilseeds	213	112
Sugar	294	485
Timber	204	267

III. BUSINESS INFORMATION

Canada's exports to China have been predominantly wheat, potash, minerals, sulphur and wood pulp. The major trade obstacle in Canada-China trade is China's relative unfamiliarity with Canadian industrial and technological capabilities.

There is basically no market for consumer goods in China at this time. There is a market, however, for laboratory, medical, optical and scientific equipment, petroleum exploration and production equipment, electronics, telecommunications, transportation and power-generating as well as food processing and packaging equipment.

As a rule, Chinese organizations do not purchase engineering or consulting services, as these are considered part of the feasibility study/equipment package. Naturally, the Chinese will hire consultants, in cases where international organizations or foreign aid agencies are willing to defray the costs.

Central Government, Provinces and Municipalities

In the past, all projects involving foreign purchases had to be approved at the central government level in Beijing. Policies are gradually changing: provinces or municipalities which earn foreign exchange through exports can at the present time obtain provincial approval for projects costing less than U.S. \$5 million.

Special Economic Zones

In 1979, to speed up the development of specific areas, and to experiment on a smaller scale with foreign investment, the Chinese government created four special economic zones (SEZs): Shenzhen, Zhuhai, Shantou and Xiamen. In these areas, the PRC is offering potential investors (who so far have mainly been Hong Kong, Macao or Chinese abroad) special preferential treatment in the application of such policies as taxation, duties, land rental and labour. The

aim is to attract in as short a time as possible, massive amounts of capital, technology and expertise. In the designated economic zones any form of investment (including the full ownership which is not yet a possibility in China) can be entertained. Production from enterprises in the zones is to be sold on the international market, or is to replace foreign imports.

Trademark and Patents Protection

Canada has signed a Trademark Agreement with China, although there is still no overall patent protection. The Chinese study foreign products in order to improve or adapt them to local conditions; however, this should not be considered a real problem for Canadian exporters of modern technological goods. The Chinese agree to extend industrial property rights protection, but this must be negotiated on a contract-by-contract basis.

Marketing Information

Making Contact

When approaching the Chinese market, it is necessary first to identify the state corporation which potentially would handle the importation of your products. (When in doubt, contact the Canadian commercial counsellor in Beijing.) Proposals should be sent directly to this corporation.

Since decisions on import and export procurement are made by officials of the corporation in Beijing (unless specifically delegated to branch offices), any initiative should be directed to the head office of the appropriate corporation. This also applies to the importation into Canada of Chinese products, as it is the responsibility of the head office to obtain details, specifications and samples of the products you wish to import and to make them available to you.

Your initial contact is obviously important for all future relations. Accordingly, your letter of introduction should be as comprehensive as possible and contain detailed information about your company, its activities and products.

Note — Be sure that all mail is addressed to the “People’s Republic of China”.

Company product literature is essential and consequently, initial correspondence should include at least 15 sets of descriptive material for distribution among end-users and industrial experts. You should express willingness to provide further details, to answer any questions and especially to meet with corporation officials in person should they be interested in pursuing negotiations.

If the contacted corporation shows some interest, consideration should be given to sending product samples to officials in the corporation. Exporters may arrange to send samples via the state trading corporation's principal export agent: China Resources Company, Bank of China Building, 2A Des Voeux Road Central, Hong Kong, or via the China Travel Service Ltd., 6 Queen's Road Central, Hong Kong. Samples weighing less than 10 kilograms (22 lb) can be sent directly to the corporations via parcel post; heavier samples should be sent by air freight. Carriers serving China include CP Air, Air France, Pan Am, Lufthansa, British Airways and Pakistan International Airlines. It is best to inform the corporation and the Canadian Embassy, Beijing in advance. The trade commissioner for Southern China in Hong Kong can also assist in making the necessary arrangements.

Follow-up

Considering that nine central trading corporations handle all of China's import and export trade while simultaneously co-ordinating import demands and export programs for hundreds of production units, it is hardly surprising that inquiries require some time to be assessed and processed. Indeed, no replies may be received in some instances. However, delayed acknowledgements or negative replies may only indicate lack of current requirements for the products in question. It is therefore important to be persistent and to keep the relevant trading corporation informed of your capabilities.

It is advisable to keep the Canadian Commercial Office in Beijing informed of progress with trading corporations by forwarding copies of all correspondence. Commercial officers meet regularly with corporation officials in Beijing and Guangzhou and are therefore in a position, if necessary, to act personally on your behalf.

Negotiations

Once the Chinese express interest in your firm, communications become easier and the negotiating process begins. Negotiations are normally conducted by mail with the trading corporations' headquarters in Beijing. It is at this point that the corporation will ask for a price quotation which should be given in Canadian dollars.

China has an extensive fleet of charter vessels as well as a growing domestic fleet and in many instances will arrange its own shipping. Therefore, quotations should be FOB Canadian port as well as CIF Chinese port (Shanghai is the most popular port of destination).

Visits to pursue negotiations take place at the initiative of the trading corporation involved.

Canadians interested in importing goods from China, are directed to the twice-yearly Guangzhou Trade Fair at which an estimated 40 per cent of China's foreign trade is conducted. The Guangzhou fair has, however, lost some of its importance. It is now a frequent practice for potential customers to negotiate with provincial branches or individual factories on the production site before or after the fair. Last year, agreements were concluded prior to the fair with the understanding that the customer would come to the fair to formally ratify the contract under discussion. On-production-site visits are important, because they allow the potential importer to verify the quality of goods under consideration, since it may vary from one factory to another.

Private Canadian businesses sometimes invite Chinese corporations to send a team of negotiators abroad. Replies depend on the deemed importance of the discussions. The Chinese traditionally prefer doing business by mail or by receiving businessmen in their own country. This is changing, as China is now sending an increasing number of technical and commercial delegations abroad. But, be it at home or abroad, the Chinese are able to drive a hard bargain and extract the best possible terms from any possible buyer or seller.

Contracts

Contracts are most important in trade with the People's Republic of China. The Chinese insist on using their own standard contract forms, and as expected the contract terms are generally designed to provide maximum protection to the trading corporations. Accordingly, it is essential to pay close attention to the language of the contract as strict adherence will be required. The terms in both import and export contracts generally conform to normal business practices and are acceptable to most traders from Western countries. The addition of new terms or the deletion or alteration of existing ones can usually be negotiated.

Payments

For exports to China, payment is made by an irrevocable letter of credit. The letter is opened by the Chinese buyers or their principals through the Bank of China in favour of the sellers advised through a Canadian bank and payable on presentation of documents at the issuing bank, e.g. the Bank of China. Normally, it is not possible to obtain a confirmed letter of credit for exports to China because the People's Republic of China does not follow the accepted international practice of having its credits confirmed by a bank in the seller's country. The Bank of China, however, has a well-established reputation for scrupulousness in fully and promptly honouring its commitments. Documents are usually negotiated in China by the exporter's Canadian bank.

For imports from China the terms generally specify payment by confirmed irrevocable letter of credit without recourse, with payment in a Western currency, generally pounds sterling or Swiss francs. The letter of credit may be negotiated through the Bank of China against presentation of documents. In some cases, the Chinese trading corporation will accept payment by confirmed letter of credit through the Bank of China in London or Hong Kong.

Many contracts are negotiated in Chinese currency (RMB). All major Canadian chartered banks have made arrangements with the Bank of China to handle RMB accounts.

In most cases, only the commercial invoice is required as documentation. It should list the FOB value and freight, insurance and other charges as separate items.

Financing

Chinese policy in the past has been to negotiate important contracts on either a cash or deferred payment basis. Payment in cash usually involves a small percentage (10 per cent) on signing of the contract, the major portion (80 per cent) on presentation of shipping documents, and the balance on commissioning of the equipment or expiration of the warranty. The Chinese, in the past, have not been prepared to make progress payments.

China, as a general rule, will not accept buyer's credit extended by foreign governments or banks and consequently any contract involving deferred payments will require the exporter to arrange his own financing. In this respect, it is recommended that all Canadian businessmen who have been invited to China for commercial discussions contact the Export Development Corporation prior to departure.

Arbitration

Wherever possible, the Chinese prefer to settle claims by consultation and agreement between the parties to a contract. In the event the parties fail to resolve their dispute through consultation, the contract normally specifies that the dispute be referred to arbitration conducted by the Foreign Trade Arbitration Committee of the China Council for the Promotion of International Trade.

Under certain conditions, the trading corporations have accepted arbitration in the country of the defendant or in a third country. Past experience has shown the Chinese to be fair with claims and while most claims take time, they can usually be successfully negotiated. In keeping with stated Chinese preferences, it is advisable and certainly more expeditious to negotiate a direct settlement of any claims with the appropriate state trading corporation.

Representation

While the state trading corporations prefer to deal directly with foreign firms, some Canadian companies may feel they lack the time, resources or expertise to fully explore the Chinese market themselves. Accordingly, they may seek representatives with proven and established commercial relationships with Chinese trading entities. Since the trading enterprises of the People's Republic of China will not engage in agency arrangements with foreign exporters, interested companies must seek commercial houses, primarily located in Hong Kong, that continually come in contact both with agents of the corporations in Hong Kong and directly with their functionaries via regular visits to the Guangzhou Trade Fair, Beijing and branches of the corporations in China.

A number of Canadian trading companies have demonstrated an interest in undertaking agency roles for China trade. Request for additional information should be directed to the appropriate industry sector branch or the China desk, Department of External Affairs, Office of Trade Development, Asia and Pacific, Asia Division (DOO), C.D. Howe Building, 9th Floor East, 235 Queen Street, Ottawa, Ontario, K1A 0H5, or in instances concerning Hong Kong commercial houses, the Trade Commission in Hong Kong, c/o Trade Commissioner for Southern China.

Participating in the Guangzhou Trade Fair

Participation in the Chinese export commodities fair in Guangzhou is possible only by invitation from one of the trading corporations. The Chinese trading corporations issue invitations only to firms with which they have already established contact, or have the possibility of concluding some business.

Since the Chinese prefer to deal with firms that are familiar to them, Canadian businessmen who have had no previous contacts with China are best advised to begin by making a routine business approach to the appropriate Chinese trading corporation. They may then follow-up with a request for an invitation to the fair.

Even without prior contacts, a Canadian company may obtain an invitation (particularly if the product offered is of real interest to the Chinese) by writing directly to the Chinese Export Commodities Fair, Guangzhou, The People's Republic of China.

For further details concerning the Guangzhou Trade Fair please contact the Canadian trade commissioner in Hong Kong.

IV. CUSTOMS AND EXCHANGE REGULATIONS

Canadian Export Documents

All Canadian exports must be accompanied by Canadian customs export form B-13. It is wise to prepare at least five copies. Canadian customs will retain three copies at the time of exportation and return two certified copies to the exporter unless otherwise specified on the B-13. This eliminates the need for subsequent requests for additional certified copies of B-13 should the goods be returned to Canada for any reason. Two numbered copies of B-13 must always accompany the Canadian customs entry as proof of export.

B-13s may be obtained from the Canadian customs offices across Canada.

Canadian Export Controls Applicable to the People's Republic of China

Under the authority of Canada's Export and Import Permits Act, a permit is required for the export of certain goods to the People's Republic of China. For purposes of Canadian export controls, goods are deemed to include technical drawings, design data and manufacturing techniques used in the design, production, operation or testing of equipment and materials described in the export control list.

Inquiries concerning the availability of export permits to cover the shipment of goods to the People's Republic of China should be directed to the Department of External Affairs, Export Controls Division (TSE), 235 Queen Street, C.D. Howe Building, 10th Floor East, Ottawa, Ontario, K1A 0H5.

Import Licences

Before importing any type of foreign goods, all Chinese organizations must apply for an import permit from the nearest branch of the Foreign Trade Administration of the People's Republic of China.

Customs Duties

Import duties are charged on a wide variety of items. A few examples are: cereals (20 per cent), medical equipment, scientific instruments and electronic computers (20 per cent), pharmaceutical products (50 per cent), office and household machines (50 per cent), television sets (50 per cent), foodstuffs and beverages (100 per cent), cotton clothing (100 per cent), radio sets and record-players (100 per cent), photographic and video equipment (150 per cent), tobacco (200 per cent), wine and spirits (20 per cent), cosmetics and perfumes (200 per cent). Books and educational material are duty-free. Articles not listed in the official customs act are taxed 100 per cent.

Documentation

Normal documents required by importers are commercial and certified invoices, packing lists, bills of lading or airway bills, inspection as well as insurance certificates. Sanitary certificates are also required for certain goods.

Samples and Advertising Material, Promotional Movies

If you are planning to bring into China promotional materials (movies, etc.) samples or electronic equipment, please contact the Canadian Embassy in Beijing well in advance for further details on the latest customs regulation applicable to those materials.

Labelling

Goods classified as dangerous require special labelling.

Packaging

Warehouses for storage are rarely available in China. External packaging therefore must be able to withstand exposure to tropical weather in the south and Siberian type weather in the north of China. Crates and boxes should be well made to withstand rough handling and discourage pilferage.

It is not necessary but useful to write shipping instructions in Chinese.

Insurance

The only Chinese agency authorized to inspect goods upon arrival in China is the Government Commodity Inspection Bureau.

Additional Information

Further details with respect to customs duties, import licensing, documentation regulations and exchange controls may be obtained by writing to the relevant address listed in Appendix B.

V. *YOUR BUSINESS TRIP TO CHINA*

What to Wear

The weather during spring and autumn is generally warm, similar to Canadian summer weather. Visitors to Guangzhou and other southern areas are therefore advised to travel light and dress casually. Businessmen visiting Shanghai, Beijing or other northern cities after December should dress as in Canada during the same season.

Chinese customs authorities allow each foreign visitor to bring one carton of cigarettes and two bottles of spirits although Chinese cigarettes, beer and spirits are readily available. Coffee fanciers who plan to stay outside Beijing should bring a supply of instant coffee.

Accommodation

Hotel reservations as well as other travel arrangements can be made through the China Travel Service. The hotels that generally house foreigners are: the Jian Guo, the Peking Hotel, the Minzu, the Qian Men Hotel in Beijing; the Dong Fang (popular with Canadians), the White Swan (new Western style hotel), the Renmin (for overseas Chinese), the Shengli, and the Guangzhou (for Japanese) in the city of Guangzhou. In most other Chinese cities there is only one hotel that serves foreigners. The price of rooms ranges between \$35 and \$120 per night.

The top prices usually apply to the western type joint-venture hotels such as the Jian Guo in Beijing. Only these hotels accept direct bookings in advance.

Restaurants

In addition to hotels that serve both Western and Chinese food, major cities have many first-class Chinese restaurants, some of which are famous and have a long history of fine cuisine. In Beijing the best known Chinese restaurants are the Sichuan Restau-

rant, the Peking Duck Restaurant and the Mongolian Restaurant. The Jian Guo's dining room and coffee shop or the Beijing Air Catering Service serve Western style food. In Guangzhou, restaurants that are very popular with visiting businessmen include the Friendship, North Garden, South Garden, Panchee and People's Restaurant.

Travel in China

The cities in China most frequently visited by foreigners are Guangzhou, Shanghai, Beijing and Tianjin. There is regular air service from Guangzhou to both Beijing and Shanghai.

Typical one-way air fares are:

Guangzhou-Beijing	Yuan 244.00
Beijing-Shanghai	Yuan 150.00
Beijing-Wuhan	Yuan 142.00
Guangzhou-Wuhan	Yuan 106.00

Railways in China are comfortable and efficient, but distances between major points are great. It takes 24 hours from Guangzhou to Shanghai and 36 hours from Guangzhou to Beijing. The train fare for a soft seat with sleeper and the airfare to the same destination are approximately equivalent.

Most Western visitors travel by taxi in the major Chinese cities. The charge can vary between 50 to 70 cents per kilometre depending on the size of the taxi. Taxis are always available at the hotels. It is virtually impossible (except in Guangzhou) to hail a taxi in the streets. Most visitors prefer either to retain their taxi for short excursions or to arrange with the hotel to be met by a taxi after engagements.

Postal and Telecommunications Services

Airmail letters from Canada take five to seven days to reach China. Direct parcel post service has been introduced between Canada and China, and the maximum weight is five kilograms (11 lb) for books and two kilograms (4.4 lb) for ordinary printed matter.

There are excellent commercial telegraph services between Canada and China that are available to business visitors. Cable rates to Canada are relatively high. Canadian businessmen may communicate directly with all trading corporations by cable, and some may be equipped with telex facilities.

The telephone systems in the larger cities are automatic dialling. Most government offices, hotels and stores have telephones. Long distance calls to Canada can be made from principal cities in China; most other international long distance calls can be placed from Guangzhou, Shanghai and Beijing.

VI. *FEDERAL EXPORT PROGRAMS AND SERVICES*

Export Development Corporation

Of importance to Canadian businessmen is the Export Development Corporation (EDC), a crown corporation that reports to Parliament through the Minister of State for International Trade.

The main functions of EDC are:

1. to insure the Canadian exporter against nonpayment due to credit or political risks beyond the control of either the exporter or the buyer when export sales are made on normal credit terms. Almost all export transactions are insurable, not only those involving goods or technical services, but also those involving "invisible" exports such as managerial services, advertising programs, the licensing or sale of patents, trademarks or copyrights;
2. to issue appropriate guarantees to chartered banks or to any person providing non-recourse supplier financing in respect of an export sale. Guarantees may also be issued in connection with a loan made to a foreign buyer for the purchase of Canadian goods and services;
3. to finance foreign buyers of Canadian capital goods and related services when extended credit terms are necessary and are not available from commercial lenders. Major engineering and other technical services (but not feasibility studies) may be financed, even when such sales are not related to the export of goods;
4. to insure Canadian investments abroad against non-commercial risks such as loss through confiscation, war or revolution or the inability to repatriate capital or earnings.

For further information about EDC services, please contact:

Export Development Corporation
Head Office
110 O'Connor Street
Ottawa, Ontario K1P 5T9
Tel: (613) 237-2570
Telex: 053-4136

Trade Development Programs

To further Canadian export development objectives, two federal trade promotional programs are available, namely;

- a) the Promotional Projects Program (PPP) through which the Department of External Affairs plans and implements promotional projects abroad; and
- b) the Program for Export Market Development (PEMD) through which repayable loans are made to individual companies to cover costs in developing export business which might otherwise not be undertaken.

Through PPP, Canadian trade fairs abroad, trade missions and trade visits are initiated, organized and implemented by the department. The range of activities also includes in-store promotions, point-of-sale displays and export oriented technical training for buyers' representatives.

Proposals under PEMD are made by Canadian industry rather than government. PEMD is made up of several sections each of which is designed to deal most effectively with a particular market in terms of the regions, products or services and marketing techniques concerned.

- Section A, deals with Canadian participation in capital projects abroad;
- Section B, with the export of Canadian products and services;
- Section C, with the participation in trade fairs abroad;
- Section D, with the bringing of foreign buyers to Canada; and
- Section E, with the formation of export consortia.

For further details about both the PPP and PEMD programs, please contact the Office of Trade Development — Asia and Pacific, Department of External Affairs.

APPENDIX A —

CHINA'S FOREIGN TRADE CORPORATIONS

1. China National Cereals, Oils and Foodstuffs Import and Export Corporation
82 Dong An Men Street
Beijing, People's Republic of China
Cable: CEROILFOOD PEKING

Products: Cereals, edible vegetable oils and vegetable oils for industrial use, oil seeds, seeds, oil cakes and feeding stuffs, salt, livestock and poultry, meats and meat products, animal fats, eggs and egg products, fresh fruit products, fresh and dried vegetables, deep frozen vegetables, salted and preserved vegetables, aquatic and marine products, canned goods, sugar and sweets, wines and spirits, beverages, dairy products, rice products and condiments.

2. China National Native Produce and Animal By-Products Import and Export Corporation
82 Dong An Men Street
Beijing, People's Republic of China
Cable: CHINATUHSU PEKING

Products: Tea, coffee, cocoa, tobacco, bast fibre, timber, rosin, feeding stuffs, forest produce, spices, essential oils, nuts and dried vegetables, patent drugs and medicinal herbs as well as other native produce.

Animal bristles, tail hairs, casings, hides, leathers, fur mattresses, fur products, bristle brushes, carpets, wool, goat hair, goat wool, camel wool, rabbit hair, feather and feather products and other animal by-products as well as animals for breeding purposes.

3. China National Textiles Import and Export Corporation
82 Dong An Men Street
Beijing, People's Republic of China
Cable: CHINATEX PEKING

Products: Raw cotton, cotton yarn, raw silk, tussah silk, wool, man-made fibres, grey sheetings, bleached sheetings, dyed goods, printed and yarn-dyed fabrics, various kinds of blended fabrics of polyester and other materials, worsted and woollen goods, plush interlining woollens, silk piece goods, rayon piece goods, mixed silk-rayon piece goods, tussah silk piece goods, synthetic fibre piece goods, spun rayon piece goods, garments for men, women and children, suits, overcoats, shirts, overalls, embroidered blouses, pyjamas, morning gowns, woollen sweaters, vests, cotton interlock singlets and trousers, cotton sweaters and trousers, swimming suits, socks, bath towels, bed sheets, woollen blankets, cotton blankets, kerchiefs, woollen knitting yarns, sewing threads, drawn work and embroidered tablecloths, pillowcases, handkerchiefs, gloves, table towels and woollen needlepoint tapestry.

4. China National Light Industrial Products Import and Export Corporation
82 Dong An Men Street
Beijing, People's Republic of China
Cable: INDUSTRY PEKING

Products: General merchandise, paper and paper boards, building materials, electrical appliances, radio and TV sets, photographic and cinematographic equipment and supplies, stationery, musical instruments, sports goods, toys, leather shoes and other leather goods, pottery and porcelain, human hair, pearls, precious stones and jewelry, ivory and jade carvings, lacquer ware, cloisonné, plaited articles, furniture, artistic handicrafts and other handicrafts for daily use.

5. China National Chemicals Import and Export Corporation
Erligou
Xi Jiao
Beijing, People's Republic of China
Cable: SINOCHEM PEKING

Products: Chemicals, rubber, rubber tires and other rubber products, petroleum and petroleum products, chemical fertilizers, agricultural chemicals and insecticides, pharmaceuticals and medicines, chemical reagents, medical instruments and supplies, surgical dressings, dyestuffs, pigments, paints and printing inks.

6. China National Machinery Import and Export Corporation

Erligou

Xi Jiao

Beijing, People's Republic of China

Cable: MACHIMPEX PEKING

Products: Mechanical processing equipment, metallurgical machinery, mining equipment, transportation equipment, building machinery, agricultural machinery and implements, hoisting equipment, tools, ball and roller bearings, machinery for light industry, electrical equipment and materials, telecommunications equipment and devices, measuring and testing instruments and meters and other industrial equipment and supplies.

7. China National Metals and Minerals Import and Export Corporation

Erligou

Xi Jiao

Beijing, People's Republic of China

Cable: MINMETALS PEKING

Products: Tungsten ore, antimony regulus, antimony sulphide (crude antimony), antimony trioxide (antimony white), antimony ore, tin, mercury, pig iron, steel products, cement, anthracite coal, bituminous coal, borax, nonferrous metals, precious rare metals, ferrous and nonferrous mineral ores and hardware.

8. China National Complete Plant Export Corporation
An Ding Men Wai

Beijing, People's Republic of China

Cable: COMPLANT PEKING

Products: Complete plants and construction products.

9. China National Technical Import Corporation
Erligou
Xi Jiao
Beijing, People's Republic of China
Cable: TECHIMPORT PEKING

Products: Importation of complete industrial plants, technical know-how, organization of technical exchanges.

Ancillary Organizations That Provide Support Services to the External Trade Sector

1. China National Foreign Trade Transportation Corporation
Erligou
Xi Jiao
Beijing, People's Republic of China
Cable: ZHONGWAIYUN PEKING

(Arranges transportation of import and export goods).

2. China National Chartering Corporation
Erligou
Xi Jiao
Beijing, People's Republic of China
Cable: ZHONGZU PEKING
Telex: 22153 TRANS CN, 22265 TRANS CN

(Charters vessels and books shipping space)

3. The People's Insurance Company of China
P.O. Box 2149
Beijing, People's Republic of China
Cable: 420001 PEKING

(Underwrites marine, land and air transportation, postal, ship's hull and machinery insurance and reinsurance)

4. Bank of China
San Li He
Beijing, People's Republic of China
Cable: CHONGKUD PEKING

(Handles all types of foreign exchange transactions)

APPENDIX B —

USEFUL ADDRESSES

In China

Canadian Embassy

Commercial Division

10 San Li Tun

Beijing, People's Republic of China

Tel: 521475, 521571, 521684, 521724, 521741

Cable: DOMCAN PEKING

China Travel Service

CAAC

General Administration of Civil Aviation
of China

117 Dongsì Xì Dajie

Beijing, People's Republic of China

Tel: 55-8861

China Council for the Promotion of International Trade

Fuxingmenwai Dajie

Beijing, People's Republic of China

Tel: 866304

Cable: COMTRADE PEKING

Telex: 22315 CCPIT CN

Canada-China Trade Council

Suite 1109

Beijing Hotel

Beijing, People's Republic of China

Tel: 552231 ext. 1109

Cable: CANTRADE BEIJING

Canadian Imperial Bank of Commerce

International Club

Jian Guo Men Wai

Beijing, People's Republic of China

Tel: 523164

Bank of Montreal

Jianguo Hotel

Suite 104-106

Beijing, People's Republic of China

Tel: 595261, ext. 104

The Bank of Nova Scotia

Jianguo Hotel

Suite 109

Beijing, People's Republic of China

Tel: 595261, ext. 109

The Royal Bank of Canada

Beijing Hotel

Room 5088

Beijing, People's Republic of China

Tel: 552231, ext. 5088

In Canada

Embassy of the People's Republic of China

415 St. Andrew Street

Ottawa, Ontario

K1N 5H3

Tel: (613) 234-2718

*Consulate General of the People's Republic
of China*

3380 Granville Street

Vancouver, British Columbia

V6H 3K3

Tel: (604) 736-3910, 736-4021

Canada-China Trade Council

199 Bay Street, Suite 805

Toronto, Ontario

K5J 1L4

Tel: (416) 364-8321

Asia Division

Office of Trade Development Asia and Pacific (DOP)

Department of External Affairs

235 Queen Street

Ottawa, Ontario

K1A 0H5

Tel: (613) 996-9195

Customs and Excise

Deputy Minister of National Revenue

Ottawa, Ontario

K1A 0L5

Tel: (613) 593-5102

Telex: 053-3330 (CUSTEX OTT)

Import Regulations

Office of Special Trade Relations

Department of External Affairs

235 Queen Street

Ottawa, Ontario

K1A 0H5

Tel: (613) 995-8356

Telex: 053-4123 (ITAC HQ A OTT)

For Canadian Health Labels Enquiries

Department of Consumer and Corporate Affairs

Place du Portage, Tower 1

50 Victoria Street

Hull, Québec

J8X 3X1

(Mailing address: Ottawa, Ontario, Canada K1A 0C9)

Tel: (819) 997-2938

Telex: 053-3694 (CCA HULL)

For Canadian Food and Drug Regulations

Department of Health and Welfare

Brooke Claxton Building

de la Colombine Boulevard

Tunney's Pasture

Ottawa, Ontario

K1A 0K9

Tel: (613) 996-4950

Telex: 053-3270 (HWC OTT)

Regional Contacts

Alberta

Cornerpoint Building
Suite 505
10179-105th Street
Edmonton, Alberta
T5J 3S3
Tel: (403) 420-2944
Telex: 037-2762

Manitoba

P.O. Box 981
400-3 Lakeview Square
185 Carlton Street
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 949-2300
Telex: 075-7624

New Brunswick

Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Tel: (506) 388-6411
Telex: 014-2200

Newfoundland

P.O. Box 8950
90 O'Leary Avenue
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-4866
Telex: 016-4626

Nova Scotia

Queen Square
45 Alderney Drive
11th Floor
P.O. Box 1320
Dartmouth, Nova Scotia
B2Y 4B9
Tel: (902) 426-3458
Telex: 019-22525

Ontario

P.O. Box 98
One First Canadian Place
Suite 4840
Toronto, Ontario
M5X 1B1
Tel: (416) 365-3737
Telex: 065-24378

British Columbia

P.O. Box 49178
Bentall Postal Station
1101-1055 Dunsmuir Street
Tower IV
Vancouver
British Columbia
V7X 1K8
Tel: (604) 666-1434
Telex: 045-1191

Prince Edward Island

P.O. Box 1115
Suite 400
Confederation Court Mall
134 Kent Street
Charlottetown
Prince Edward Island
C1A 7M8
Tel: (902) 892-8551
Telex: 014-44129

Québec

Case postale 247
800, Place Victoria,
Suite 3709
Montréal (Québec)
H4Z 1E8
Tel: (514) 283-5938
Telex: 052-5737

Yukon and Northwest Territories

*Same address as for
Saskatchewan except:
Tel.: (306) 665-4358
Telex: 071-2745*

Regional Contacts (cont'd)

Saskatchewan

Bessborough Tower

Bureau 814

601 Spadina Crescent East

Saskatoon, Saskatchewan

S7K 3G8

Tel : (306) 665-4318

Telex: 074-2742

Notes

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U.S.S.R.

U.S.S.R.

Mongolia

Harbin

Shenyang

North Korea

Beijing

South Korea

Tianjin

Lanzhou

Yellow Sea

Chengdu

Shanghai

East China Sea

Nepal

Bhutan

India

Bangladesh

Burma

Vietnam

Hong Kong

South China Sea

Laos

Thailand



Kampuchea

Bay of Bengal

People's Republic of China

SCALE  600 km

LEGEND

— Major Roads  Major City
++ Railway  City



External Affairs
Canada

Affaires extérieures
Canada

Canada